

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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:  
UNITED STATES OF AMERICA

- v. -

STEPHEN H. CHANG,

Defendant.  
:  
----- x

INDICTMENT

14 CRIM

586

COUNTS ONE THROUGH FOUR  
(Tax Evasion)

The Grand Jury charges:

Introduction

1. At all times relevant to this Indictment, STEPHEN H. CHANG, the defendant, was a resident of New York, New York, and an architect licensed to conduct business in the State of New York.

2. Between in or about 2005 and 2009, STEPHEN H. CHANG, the defendant, owned and controlled two corporate entities, NAMU Design, Inc. ("NAMU") --- a Subchapter S corporation, and SHC NY Inc. ("SHC"), a subchapter C corporation --- through which he carried out his business as an architect.

3. Subchapter S corporations are certain small business corporations that are required to file income tax returns, but not ordinarily required to pay income taxes in their own right. The income or loss from their operation, by law, flows through to their owners, who are required to declare such income or loss on their U.S. Individual Income Tax Returns, Forms 1040.

JUDGE CARTER

USDC SDNY DOCUMENT ELECTRONICALLY FILED DOC #: DATE FILED: SEP 03 2014
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Subchapter C corporations are business entities that are required both to file income tax returns and pay corporate income taxes.

**The Fee Diversion Scheme**

4. Between in or about 2005 and 2008, STEPHEN H. CHANG, the defendant, engaged in a scheme to evade his income tax obligations, and those of SHC, by diverting fees paid to CHANG while performing services as an architect. CHANG carried out the fee diversions by taking checks made payable to NAMU and SHC, which represented fee income for those entities, and causing those checks to be cashed at check cashers located in the New York metropolitan area. CHANG thereafter made personal use of the cash; caused the diverted fee income not to be reported on the books and records of NAMU and SHC; failed to file tax returns on behalf of NAMU and SHC; and failed to file U.S. Individual Income Tax Returns, Forms 1040.

**Statutory Allegations**


5. From on or about January 1 of each of the tax years set forth below, through on or about the filing dates set forth below for each said tax year, in the Southern District of New York and elsewhere, STEPHEN H. CHANG, the defendant, wilfully and knowingly did attempt to evade and defeat a substantial part of the income tax due and owing by STEPHEN H. CHANG and SHC to the United States of America for the calendar years 2007 and 2008, by various means, including, among others: (a) by failing to make an income tax return for each said calendar year on or about the date required by law to any proper officer of the IRS, stating specifically the items of his gross income and SHC's gross receipts, and any deductions and credits to which he and SHC were entitled; (b) by causing checks made payable to SHC and NAMU to be cashed at check cashing businesses; and (c) making false statements to representatives of the Internal Revenue

Service, whereas, as STEPHEN H. CHANG, the defendant, then and there well knew and believed, in each said calendar year he and SHC had substantial taxable income, upon which taxable income there was a substantial amount of tax due and owing to the United States of America:

COUNT	TAXPAYER/TAX YEAR	DUE DATE OF TAX RETURN
1	STEPHEN H. CHANG/2007	04/15/2008
2	STEPHEN H. CHANG/2008	04/15/2009
3	SHC/2007	07/15/2008
4	SHC/2008	07/15/2009

(Title 26, United States Code, Section 7201.)

  
FOREPERSON

  
PREET BHARARA  
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

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INDICTMENT

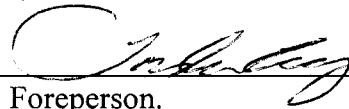
14 Cr. \_\_\_\_ (\_\_\_\_)

(26 U.S.C. § 7201; 18 U.S.C. § 2.)

PREET BHARARA

United States Attorney.

A TRUE BILL



Foreperson.

9-3-14 - ~~A~~ INDICTMENT, TRUE BILL AND  
ARREST  
WARRANT

ASSIGNED T. J. CARTER

(MAG. JUDGE RONALD L. ELLIS)

*RL* 9-3-14